

**ORIGINAL**  
**OPEN MEETING**



0000128003

**MEMORANDUM**

Arizona Corporation Commission

**RECEIVED**

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TO: THE COMMISSION

AUG 2 2011

2011 AUG -2 P 1:32

FROM: Utilities Division

DATE: August 2, 2011

DOCKETED BY

AZ CORP COMMISSION  
DOCKET CONTROL

RE: MCIMETRO ACCESS TRANSMISSION SERVICES, L.L.C. DBA VERIZON ACCESS TRANSMISSION SERVICES - TARIFF FILING TO INCREASE THE MAXIMUM RATES FOR VERIZON BUSINESS SERVICES II LOCAL TRUNK FLAT RATE, LOCAL TRUNK BASIC, LOCAL TRUNK DID, LOCAL TRUNK 2 WAY DIRECT AND LOCAL ISDN PRI FLAT RATE (DOCKET NO. T-03574A-11-0177)

On April 26, 2011, MCImetro Access Transmission Services, LLC d/b/a Verizon Access Transmission Services ("Verizon Access" or "Company") filed proposed changes to its Arizona Tariff No. 6. Verizon Access is seeking to increase its current and maximum monthly rates for Verizon Business Services II Local Trunk Flat Rate; Local Trunk Basic, Local Trunk DID, Local Trunk 2 Way Direct, and Local ISDN PRI Flat Rate.

The Company has indicated that the proposed rates are consistent with rates for the same Verizon Access pricing plans in other states, but are slightly higher than those of similar services offered by competitors in Arizona. The proposed maximum and current rate increases reflect a reaction to competitive influences. Verizon Access proposes rate changes to the following service offerings:

Service Offering	Existing Tariff		Proposed Tariff	
	Current Rate	Maximum Rate	Current Rate	Maximum Rate
Local Trunk Flat Rate – All Trunk Types (Rate charged per trunk)	\$40.00	\$40.00	\$42.00	\$120.00
Local Trunk Basic; Local Trunk DID; Local Trunk 2 Way Direct; and Local ISDN PRI Rate Flat Rate (Rate charged per T-1) PRE JULY 2007	\$672.00	\$672.00	\$705.60	\$2016.00
Local Trunk Basic; Local Trunk DID; Local Trunk 2 Way Direct; and Local ISDN PRI Rate Flat Rate (Rate charged per T-1) POST JULY 2007	\$655.00	\$672.00	\$687.75	\$2016.00

THE COMMISSION

August 2, 2011

Page 2


On May 20, 2011, Staff sent its First Set of Data Requests to Verizon Access for information responsive to Title 14, Article 11, Section 1110 (Competitive Telecommunications Services) of the Arizona Administrative Code ("A.A.C."). On June 6, 2011, Verizon Access provided responses to Staff's First Set of Data Requests. Verizon Access supplied verification that it provided notice to its customers in accordance with Commission rules. Staff has reviewed the customer notice, a copy of which was included in the filing, and has concluded that it is consistent with Commission rules.

Since this filing increases the maximum rate for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, A.A.C. R14-2-1110 applies to Verizon Access' proposal. Verizon Access provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential effects of approval of the filing.

The proposed rate increases contained in this filing are for services that have been classified as competitive by the Commission and that are now subject to the Commission's Competitive Telecommunications Services Rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Staff requested information from Verizon Access to allow it to determine the potential effects of approval of the filing. Verizon Access provided information that indicates the expected effect of this filing is an increase in Verizon Access' annualized Arizona revenues of between 1 and 5 percent.

Staff obtained information regarding Verizon Access' fair value rate base. Due to the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information of Verizon Access, it did not accord that information substantial weight in its analysis of this matter.

The proposed maximum rates are comparable to the rates for similar services provided by other telecommunications companies operating in Arizona. Staff recommends approval of this filing.

for   
Steven M. Olea  
Director  
Utilities Division

SMO:PJG:lhmm\MAS

ORIGINATOR: Pamela Genung

1                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2   GARY PIERCE

Chairman

3   BOB STUMP

Commissioner

4   SANDRA D. KENNEDY

Commissioner

5   PAUL NEWMAN

Commissioner

6   BRENDA BURNS

Commissioner

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8   IN THE MATTER OF THE APPLICATION )  
9   OF MCIMETRO ACCESS TRANSMISSION )  
10  SERVICES, L.L.C. DBA VERIZON ACCESS )  
11  TRANSMISSION SERVICES TARIFF )  
12  FILING TO INCREASE THE MAXIMUM )  
13  RATES FOR VERIZON BUSINESS )  
14  SERVICES II LOCAL TRUNK FLAT RATE, )  
15  LOCAL TRUNK BASIC, LOCAL TRUNK )  
16  DID, LOCAL TRUNK 2 WAY DIRECT )  
17  AND LOCAL ISDN PRI FLAT RATE )

DOCKET NO. T-03574A-11-0177

DECISION NO. \_\_\_\_\_

ORDER

15   Open Meeting  
16   August 16 and 17, 2011  
17   Phoenix, Arizona

18   BY THE COMMISSION:

19                   FINDINGS OF FACT

20           1.     MCImetro Access Transmission Services, LLC d/b/a Verizon Access Transmission  
21   Services ("Verizon Access" or "Company") is certificated to provide intrastate  
22   telecommunications service as a public service corporation in the State of Arizona.

23           2.     On April 26, 2011, Verizon Access filed proposed changes to its Arizona Tariff  
24   No. 6. Verizon Access is seeking to increase its current and maximum monthly rates for Verizon  
25   Business Services II Local Trunk Flat Rate; Local Trunk Basic, Local Trunk DID, Local Trunk 2  
26   Way Direct, and Local ISDN PRI Flat Rate. These changes effect the following tariff pages:

27   ...

28   ...

...

MCImetro Access Transmission Services LLC, d/b/a  
Verizon Access Transmission Services

Arizona Tariff No. 6, Page No. 1, Eighteenth Revised  
 Arizona Tariff No. 6, Page No. 2, Sixth Revised  
 Arizona Tariff No. 6, Page No. 102, Second Revised  
 Arizona Tariff No. 6, Page No. 104, Second Revised  
 Arizona Tariff No. 6, Page No. 106, Second Revised

3. The Company has indicated that the proposed rates are consistent with rates for the same Verizon Access pricing plans in other states, but are slightly higher than those of similar services offered by competitors in Arizona. The proposed maximum and current rate increases reflect a reaction to competitive influences. Verizon Access proposes rate changes to the following service offerings:

Service Offering	Existing Tariff		Proposed Tariff	
	Current Rate	Maximum Rate	Current Rate	Maximum Rate
Local Trunk Flat Rate – All Trunk Types (Rate charged per trunk)	\$40.00	\$40.00	\$42.00	\$120.00
Local Trunk Basic; Local Trunk DID; Local Trunk 2 Way Direct; and Local ISDN PRI Rate Flat Rate (Rate charged per T-1) PRE JULY 2007	\$672.00	\$672.00	\$705.60	\$2016.00
Local Trunk Basic; Local Trunk DID; Local Trunk 2 Way Direct; and Local ISDN PRI Rate Flat Rate (Rate charged per T-1) POST JULY 2007	\$655.00	\$672.00	\$687.75	\$2016.00

4. On May 20, 2011, Staff sent its First Set of Data Requests to Verizon Access for information responsive to Title 14, Article 11, Section 1110 (Competitive Telecommunications Services) of the Arizona Administrative Code (“A.A.C.”). On June 6, 2011, Verizon Access provided responses to Staff’s First Set of Data Requests. Verizon Access supplied verification that it provided notice to its customers in accordance with Commission rules. Staff has reviewed the customer notice, a copy of which was included in the filing, and has concluded that it is consistent with Commission rules.

5. Since this filing increases the maximum rate for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, A.A.C. R14-2-1110 applies to Verizon Access' proposal. Verizon Access provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential effects of approval of the filing.

6. The proposed rate increases contained in this filing are for services that have been classified as competitive by the Commission and that are now subject to the Commission's Competitive Telecommunications Services Rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Staff requested information from Verizon Access to allow it to determine the potential effects of approval of the filing. Verizon Access provided information that indicates the expected effect of this filing is an increase in Verizon Access' annualized Arizona revenues of between 1 and 5 percent.

7. Staff obtained information regarding Verizon Access' fair value rate base. Due to the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the company's operations. Therefore, while Staff considered the fair value rate base information of Verizon Access, it did not accord that information substantial weight in its analysis of this matter.

8. The proposed maximum rates are comparable to the rates for similar services provided by other telecommunications companies operating in Arizona.

9. Staff has recommended approval of this filing.

#### CONCLUSIONS OF LAW

1. MCImetro Access Transmission Services, LLC d/b/a Verizon Access Transmission Services is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Verizon Access and the subject matter in this filing.

3. Approval of the proposed tariff revisions constitutes an increase in rates as contemplated by A.R.S. 20-250.

4. The Commission, having reviewed the tariff pages (copies of which are contained in the Commission's tariff files) and Staff's Memorandum dated August 2, 2011, concludes the proposed tariff revision filing is reasonable, fair and equitable, and is therefore in the public interest.

ORDER

IT IS THEREFORE ORDERED that MCImetro Access Transmission Services, LLC d/b/a Verizon Access Transmission Services' tariff filing be and hereby is approved.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:PJG:lh\MAS

Decision No. \_\_\_\_\_

1 SERVICE LIST FOR: MCImetro Access Transmission Services, LLC  
2 d/b/a Verizon Access Transmission Services  
3 DOCKET NO.: T-03574A-11-0177

4 Ms. Sandy Chandler  
5 Tariff Manager  
6 Verizon Business  
7 5055 North Point Parkway  
8 Alpharetta, Georgia 30022

9 Mr. Steven M. Olea  
10 Director, Utilities Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

14 Ms. Janice Alward  
15 Chief Counsel, Legal Division  
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